

Budget 100 Workshop 2012



FINANCIAL PLAN AND THE BUDGET



Funds Accounting

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- Demonstrate accountability and stewardship
- Determine financial condition
- Planning and budgeting



Funds Accounting

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- Evaluate organizational and managerial performance
- Determine/forecast cash flow
- Communicate



Funds Accounting

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Library Funds (appropriated)

- Operating
- Library Improvement Reserve Fund (LIRF)
- Rainy Day Fund
- Library Capital Projects Fund (LCPF)
- Bond Interest and Redemption Fund (BIRF)

Agency Funds (non-appropriated)

- Evergreen Indiana
- PLAC
- Sales Tax

Funds Accounting

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Restricted Funds

- State Technology Grant Fund
- All appropriated funds

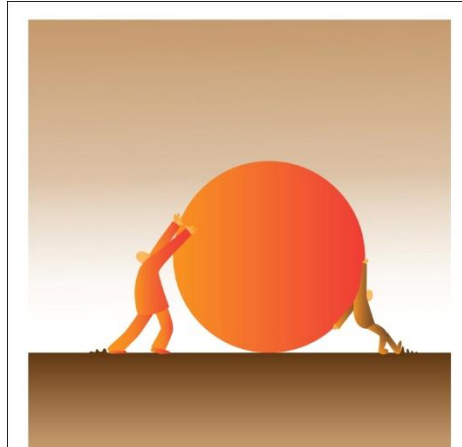
Unrestricted Funds

- Gift

Definitions

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- Fund Balance: Equity within a fund.
 - $\text{Assets} = \text{Liabilities} + \text{Fund Equity}$
 - $\text{Fund Assets} - \text{Fund Liabilities} = \text{Fund Balance}$
 - $\text{Assets} - \text{Claims Against Assets} = \text{Fund Balance}$
 - Fund balance may also be known as Net Assets



Bookkeeping

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Budget

- Line Item
- Budget Classifications
- Ledgers: receipts and disbursements

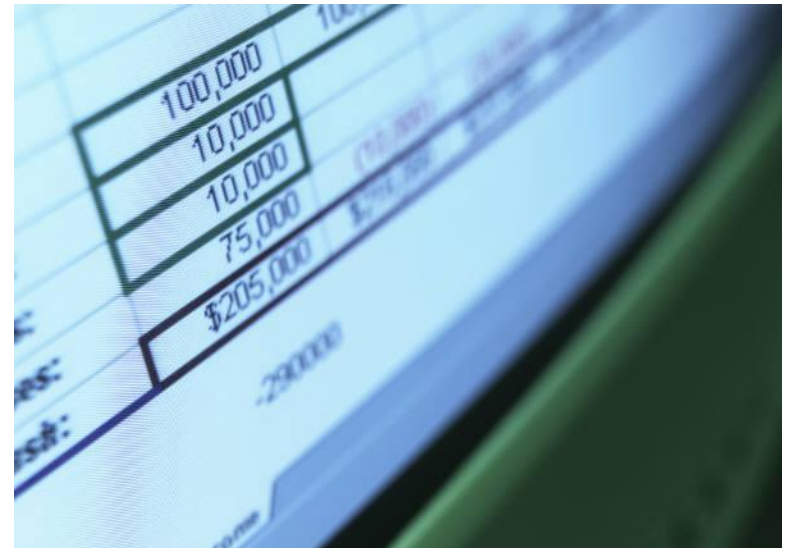
Financial Statements

- Month to Month
- Year to Date
- Assets
- Liabilities

Bookkeeping

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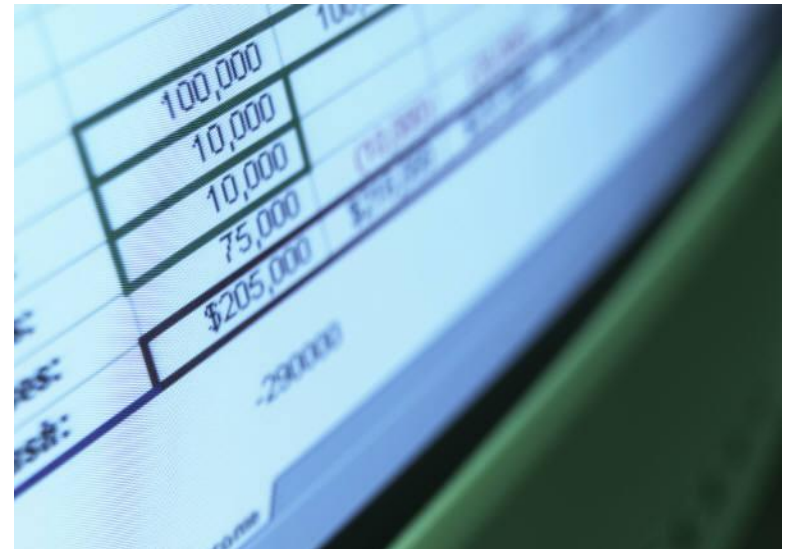
- Post and balance ledgers
- Prepare monthly financial statement



Agency Funds

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- Transactions are recorded as a balance sheet item, not as income and expense.
- During fiscal closing, any balances in these agency accounts are transferred to a balance sheet payable account.

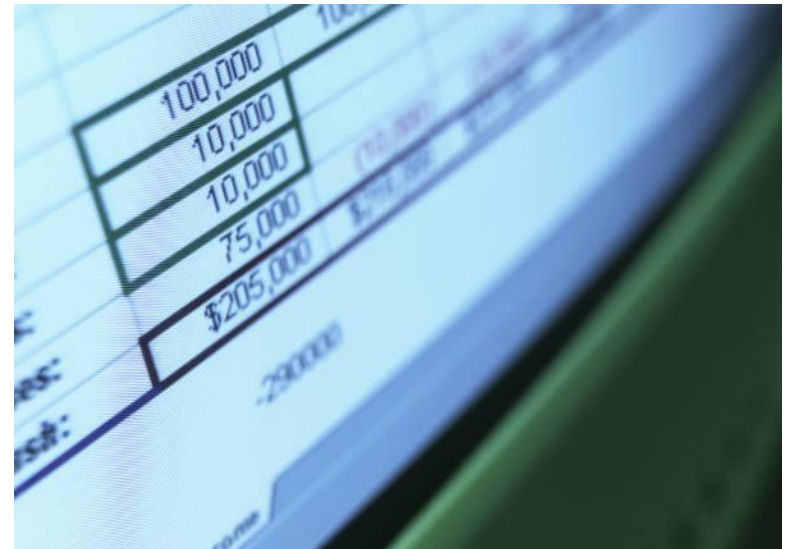


100,000
10,000
10,000
75,000
\$205,000
-290,000

Agency Funds

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- Keep their accounting activity separate from other funds
- Funds in the Agency Fund group do not belong to the Library and are not reported in the Financial Statements.



Financial Activity

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- Track Expenses
 - Controllable
 - Semi-Controllable
 - Fixed
- Statement of Activity for Two Month Period Ended February 28, 2011
- Prior Year compared to Current Year Budget
- Current Year Actual
- Variance



Cash Flow

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- Surplus
- Break even
- Digging financial hole



Planning the Budget



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External

- Assessed Value in the Library District
- Property Tax Caps
- Growth Quotient

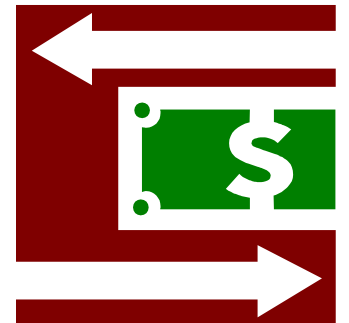
Internal

- Reserves: Cash On Hand
- Cash Flow
- Rainy Day Fund
- LIRF Fund
- Investments

Transfer of Funds

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- Library Improvement Reserve Fund (LIRF)
- Rainy Day Fund



Library Improvement Reserve Fund

- **Capital Improvement**
 - ✓ Purchase land and structures
 - ✓ Construction of buildings
 - ✓ Repairs or improvement of existing structures
 - ✓ Purchase or replacement of equipment

LIRF FUND

- Written into annual budget
 - Determine number of years required to accumulate required appropriation*
- No limit
- Not associated with a separate tax rate
- Will count toward total budget in budget year appropriated

*Reference the Library Accounting Manual from State Board of Accounts, Chapter 3-3

LIRF Transfer

- Transfer authorized by warrant from Operating Fund
- Treasurer endorses warrant and deposits
- Not to be set up in a separate bank account
- Actual transfer may occur at any time but before appropriation expires at end of year

Rainy Day Fund

- Established to receive transfers of unused and unencumbered funds
- Funds other than operating may be added such as excess levy
- Resolution to establish Rainy Day Fund
 - ✓ Expenditures as authorized in IC 36-12-3-16
 - ✓ No more than 10% total budget in a calendar year

Library A

- Total Budget Adopted 2012 (as of June 30, 2011)
 - ✓ Cash Balance is \$370,776
 - ✓ Total Budget is \$2,042,772
 - ✓ Cash Balance is 18.2% of total budget

Library B

- Total Budget Adopted 2012 (as of June 30, 2011)
 - ✓ Cash Balance is \$580,674
 - ✓ Total Budget is \$725,500
 - ✓ Cash Balance is 80% of total budget

Spend or Save

- Across the board reductions
- Costing Activities and reducing
 - ✓ Collection
 - ✓ Cataloging
 - ✓ Outreach/Programming
 - ✓ Information Services

“Strategic planning and program budgeting for libraries.” Robinson, Barbara M.; Robinson, Sherman. ***Library Trends***, Winter94, Vol. 42 Issue 3, p420, 28p

Expenses

- Controllable
 - ✓ Salaries, travel, printing and postage
- Semi-Controllable
 - ✓ Fringe benefits
 - ✓ Payroll taxes
 - ✓ Utilities
- Fixed
 - ✓ Rent, Lease

Budget Goals

- Monitor the Budget
- Maintain adequate reserves
- Track cash on hand month to month
- Cash balance available for long term financial

Contact Information

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